

Request for Council Action

Originator Housing and Redevelopment Authority	Item Public Hearing - Modification of Penn American Redevelopment Project Area and Approval of Knox and American Housing TIF District and Plan
Agenda Section Public Hearing Other	Date 10/3/2016

Description

The Bloomington Housing and Redevelopment Authority is requesting the Bloomington City Council conduct a public hearing and consider approval of the attached resolution:

- Approving a modification of the boundaries of the Penn and American Redevelopment Project;
- Approving a modification of the Redevelopment Plan;
- Establishing the Knox and American Tax Increment Financing District (a Housing District), and approving a Tax Increment Financing Plan

The Bloomington Housing and Redevelopment Authority is working with Stuart Co and United Properties to redevelop the properties at 1901 American Boulevard South and 8849 Morgan Circle South in the Penn American District in Bloomington. The developers are seeking to construct approximately 248 units of rental housing on the sites ("Knox & American"), in which a minimum of 20% of the units will be designated for households with incomes at 50% of area median income or below.

The HRA is requesting the creation of the TIF district to assist in the project financing. The development has an estimated financing gap of \$18.5 million, and the Housing TIF district is projected to provide \$5 million (present value) to cover a portion of the gap. The remainder of the gap financing will be made up through external funding sources, including the Metropolitan Council, the Minnesota Housing Finance Agency, the Bloomington HRA, and the developers.

The project will not move forward without the creation of the Housing Tax Increment Financing (TIF) district. Financial assistance is needed due to:

1. The limited revenue from the affordable units
2. The market rate units will have rent structures at approximately \$1.50/sq. ft., which are significantly less than most new construction market rate rentals (\$1.80/sf. ft. - \$2.00+/sq. ft.)
3. Infrastructure costs, including structured underground parking, storm water management, and the construction of a new street
4. The redevelopment of the site, including demolition of existing buildings

Item created by: Mary Zimmerman
Presenter: Doug Grout

Requested Action

A resolution approving a modification of the boundaries of the Penn and American Redevelopment Project; approving a modification of the Redevelopment Plan; establishing the Knox and American Tax Increment Financing District (a Housing District); and approving a Tax Increment Financing Plan.

Attachments:

Resolution - Knox and American Housing TIF District
Penn American Redevelopment Plan modified
Housing TIF Plan